

DELBELLO DONNELLAN WEINGARTEN
WISE & WIEDERKEHR, LLP
Attorneys for the Debtors
One North Lexington Avenue
White Plains, New York 10601
(914) 681-0200

Jonathan S. Pasternak, Esq.
Erica Feynman Aisner, Esq.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re:

THE NEW CITY WASTE SERVICES, INC. and
CITY WASTE SERVICES OF NEW YORK, INC.,

Chapter 11
Lead Case No. 12- 22578 (RDD)
(Jointly Administered)

Debtors.

-----X

DISCLOSURE STATEMENT

I. INTRODUCTION

The above-captioned debtors and debtors-in-possession, The New City Waste Services, Inc. and City Waste Services of New York, Inc. (collectively, the “Debtors”) jointly submit this Disclosure Statement (“Disclosure Statement”) pursuant to Section 1125(b) of the Bankruptcy Code and Bankruptcy Rule 3017 in connection with its Plan of Reorganization (“Plan”) dated January 3, 2018 to all known holders of Claims¹ against or Interests in the Debtor in order to adequately disclose information deemed to be material, important and necessary for the Debtor’s creditors to make a reasonably informed judgment about the Plan. A copy of the Plan is attached hereto as Exhibit “A.”

¹ Unless otherwise defined herein, capitalized terms shall have the same meaning ascribed to them in the Plan.

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan for **March __, 2018 at 10:00 a.m.** (the “Confirmation Hearing”). Under Section 1126(b) of the Bankruptcy Code, only Classes of Allowed Claims that are “impaired” under the Plan, as defined by Section 1124 of the Bankruptcy Code, are entitled to vote on the Plan. Generally, a Class is impaired if its legal, contractual or equitable rights are altered under the Plan. Class 2 Unsecured Creditors under the Plan are impaired and therefore are entitled to vote.

To be accepted by a Class, the Plan must be accepted by more than one half in number and two-thirds in dollar amount of the Allowed Claims actually voting in such Class.

Accompanying this Disclosure Statement are copies of the following documents

(Exhibits A, B, C, D and E):

- A. The Plan;**
- B. Current Balance Sheet of the Debtor;**
- C. Current Liquidation Analysis of the Debtor;**
- D. Summary of Chapter 11 Operating Results; and**
- E. Financial Projection of the Debtor’s Operations.**

THE COURT HAS NOT APPROVED THE PLAN AND THIS DISCLOSURE STATEMENT IS NOT TO BE CONSTRUED AS AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT. CREDITORS ARE URGED TO CONSULT WITH THEIR COUNSEL REGARDING THE PLAN.

BALLOTS ACCEPTING OR REJECTING THE PLAN MUST BE MAILED OR HAND DELIVERED (FAXED OR E-MAILED BALLOTS WILL NOT BE COUNTED) TO DELBELLO DONNELLAN WEINGARTEN WISE & WIEDERKEHR, LLP, ONE N. LEXINGTON AVENUE, WHITE PLAINS, NEW YORK 10601, ATTENTION: JONATHAN S. PASTERNAK, ESQ. SO AS TO BE RECEIVED ON OR BEFORE 5:00 P.M. EASTERN TIME, ON MARCH __, 2018 FOR THEM TO BE CONSIDERED.

YOUR VOTE ON THE PLAN IS IMPORTANT.

I. INTRODUCTION

A. Background

The Debtors have been in business since 1999 and were formed when CT Carting, established in 1936 and O'Brian Sanitation Inc., established in 1945, merged. City Waste employs approximately 50 people and serves over 3,500 customers, both large and small, in four New York City Boroughs and the outlying areas.

In 1999, in the wake of the enactment of Local Law 42 which established the New York City Trade Waste Commission ("NYC TWC") for the purpose of eliminating corruption in the solid waste industry, City Waste Services, Inc., the predecessor of NC, acquired four competitors, Republic Carting, Baisley Park Carting, Swift Sanitation and Astro Carting (collectively, the "Acquired Companies"). These acquisitions came on the heels of the potential loss of the Acquired Companies waste-hauling licenses due to pending investigations and indictments against them. The loss of their licenses would have been dramatic because once a company has been denied the right to operate, the only assets they are permitted to sell are their hard assets, as opposed to valuable customer lists and goodwill.

In the early days of City Waste's business, it faced many financial hurdles. In April of 2000, when the Debtor was solidifying its newly acquired customer relationships, the Teamsters Local 813 went out on strike for a one-week period, severely damaging customer relationships and resulting in additional operating costs for non-union labor and security. In addition, the NYC TWC imposed a 17% reduction in the maximum permissible rates that can be charged by a NYC waste hauling company. This reduction was not contemplated in City Waste's original business model and thus resulted in significantly less revenue than anticipated.

These financial hurdles resulted in the Debtors' inability to remain current with their

obligations and on May 9, 2002, City Waste Services, Inc., the predecessor to NCW filed a voluntary chapter 11 petition, Case No., 02-22687-ash and on May 15, 2002, CWS filed a voluntary chapter 11 petition, Case No. 02-22716-ash. The jointly administered Chapter 11 cases were successful and an Order confirming the Debtors' chapter 11 plan was entered on September 18, 2003 and the cases were closed on August 4, 2004.

Over the period from 2004 to 2011, the CWS' gross revenues had fallen approximately 20% from \$15.3 million in 2004 to \$12.1 million in 2011. This was due in large part to City Waste's labor costs which were higher than many other competitors. Recently, new labor unions have entered the local waste hauling market which has resulted in our competitors' ability to offer lower pricing and greater profit margins. In addition, many members of the Teamsters Local 813 have joined competing unions seeking severance and pension payments which has left Local 813 with declining membership and dangerously underfunded pension and benefit funds. At present, City Waste's estimated withdrawal liabilities have climbed to well over \$1.6 million. Meanwhile, labor, employee benefits, fuel and maintenance and insurance costs have compromised City Waste's ability to meet its monthly remaining 2002 Chapter 11 commitments, which at this point are only due to two of the Acquired Companies.

In 2010, the New York State Workers Compensation Board ("WVCB") advised City Waste that its participation in a worker's compensation risk group from 2003 through 2008 resulted in an added premium due in the amount of approximately \$2.6 million.

Finally, the Debtors had been the target of two State Court lawsuits, one for a disputed broker commission and the other for a personal injury matter. The combination of these two lawsuits, should the Debtors not prevail, could be in excess of \$1 million dollars, in addition to the thousands of dollars spent on legal fees to defend these disputed claims.

As set forth directly below, the Debtors have successfully utilized the Chapter 11 process to (a) resolve the Local 813 union related issues, (b) the 2 pre-petition lawsuit claims, (3) the WCB claims and (4) negotiate a plan providing for significant distribution to the Debtor's unsecured creditors and is now in a position to promulgate the Plan.

B. The Chapter 11 Filing

In order to reorganize and restructure its affairs, on March 20, 2012, (the "Petition Date"), the Debtors filed voluntary petitions for reorganization pursuant to Chapter 11 of the Bankruptcy Code. The Debtors have continued in possession of their property and the management of their business affairs as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. These proceedings have been jointly administered for procedural consolidation purposes only pursuant to an order of the Bankruptcy Court dated March 23, 2012.

1. Employment of the Debtor's Professionals

On the Petition Date, the Debtor filed an application to retain Rattet Pasternak, LLP, as its bankruptcy counsel *nunc pro tunc* to the Petition Date. On April 10, 2012, the Court entered an order authorizing the retention of Janover LLC as accountants to the Debtor. On August 8, 2014, 2013, the Court entered an order authorizing DelBello Donnellan Weingarten Wise & Wiederkehr, LLP to be retained as substitute counsel for the Debtor *nunc pro tunc* as of January 1, 2013.

2. Filing of Schedules of Assets and Liabilities and Statement of Financial Affairs

On April 24, 2012 the Debtor filed its Schedules of Assets and Liabilities, together with its Statement of Financial Affairs (collectively, the “Schedules”). The Debtor’s Schedules are available on the Bankruptcy Court’s website: www.nysb.uscourts.gov. (login/password required).

3. Establishment of a Claims Bar Date and Claims Process; No Avoidance Actions

Pursuant to an Order of the Bankruptcy Court dated June 14, 2012, July 25, 2012 was established as the last date by which creditors may file proofs of claim in the Chapter 11 cases (“Bar Date”), and subsequently notice of the Bar Date was served on all creditors listed on the Debtors’ creditor matrixes filed with the Bankruptcy Court as well as parties filing notices of appearance and creditors who had previously filed a proof of claim in the cases.

The Debtors, together with counsel, has reviewed all Claims filed. Based upon the settlement of the largest disputed claims (as described below), the Debtor at this point does not anticipate objecting to any other significant Claims, nor does the Debtor intend to bring any avoidance actions under Chapter 5 of the Bankruptcy Code.

Lopez Claim Settlement

Another disputed liability which was a major cause of the Debtors’ chapter 11 filings was a pre-petition personal injury action commenced in Bronx County, New York State Supreme Court by Hector Salva which sought damages for personal injuries suffered by Mr. Salva in connection with an alleged altercation with one of the Debtors’ employees (a driver). Mr. Salva allegedly suffered severe and permanent physical injuries during the altercation, and the Debtors’ insurance carrier disclaimed coverage for the incident. The potential financial risk to the Debtors was significant in that not only were the Debtors forced to incur tens of thousands of

dollars in legal fees in connection with the State Court action and a potential appeal which appeared to be necessary, but a potential “seven figure” jury verdict if the Debtors were unsuccessful at trial.

Notwithstanding the potential upside for the Plaintiff, there came a time where the Debtors were presented with a desirable settlement offer. The Plaintiff indicated that he would be willing to settle the entire matter for \$40,000 provided that payment would be immediate and that he not have to wait for the confirmation of the Debtors’ chapter 11 plan or plans. In order to seize upon this opportunity for the Debtors to eliminate the risk of an exorbitant jury verdict and any further legal fees in this uninsured matter, the Debtors filed a motion seeking authority to not only settle the matter but to pay the settlement amount outside of a chapter 11 plan(s). Although pre-petition creditors are not typically permitted to be paid outside of a plan, the Debtors petitioned the Court for approval based upon the substantial benefit that the Debtors and the estate would receive if this potentially enormous claim could be resolved for a relatively insignificant amount of money.

The Debtors were successful in obtaining the Court’s authority to remit payment. An Order approving the settlement was entered by the Bankruptcy Court on May 20, 2013.

Kaiser Claim Objection

One of the liabilities which caused the Debtors to file these chapter 11 cases was the pending litigation and related claim of William Kaiser which related to an alleged finders’ fee/broker commission from the initial acquisition by the Debtors of the business. The *Kaiser* lawsuit had been pending since 2001 and although the Debtors wholly disputed the claims, the risk of liability and legal fees to defend same were a constant financial strain on and threat to the Debtors.

At the time of the filing of the Chapter 11 cases, the Debtors scheduled the disputed Kaiser claim in the amount of \$454,189; however, Kaiser filed a proof of claim asserting that \$975,360.24 was due which discrepancy was largely due to the accrual of interest.

Debtors made a number of attempts to negotiate a resolution with counsel for Kaiser without the expense of litigation but each attempt was unsuccessful. Ultimately, the Debtors filed an objection to the Kaiser claim seeking to reduce same by over \$230,000 based upon a number of grounds including but not limited to a 2012 decision of the State Court which was largely in the Debtors' favor. Kaiser opposed the claim objection and in response, the Debtors filed an appropriate pleading in reply and prepared for a hearing on the matter before the Court to consider the relief sought.

Prior to the commencement of the hearing, the Debtors were able to resume settlement discussions with Kaiser and were successful in negotiating a consensual resolution of the disputed claims which avoided the risk of litigation and the certain expense that would flow from further court proceedings on the matter. The result of these efforts was the reduction of Kaiser's proof of claim by approximately \$660,000 which was a substantial benefit to the estate and the general unsecured creditor body. The Bankruptcy Court entered an order memorializing the claim reduction on February 21, 2014.

This eliminated what could potentially have been the largest unsecured claim in the estate for a mere \$40,000 thereby benefitting the estates and their creditors.

NYS Workers Comp Board Claim Settlement

On June 23, 2012, NYS Workers Comp Board (“NYSWCB”) filed a proof of claim [Claims Register, Claim No. 2] in the amount of \$2,624,080.84. The Debtors disputed the claim in its entirety and such dispute has been the subject of extensive communications between counsel for NYSWCB and the Debtor since the filing of the Filed Claim.

The basis of the alleged claim asserted by NYSWCB was the Debtor’s participation in a self-insured trust (GSIT) from 2001 to 2007 which provided statutorily required workers’ compensation coverage to its employer members. The goal of the members of the trust was to obtain lower workers’ compensation insurance premiums and one of the requirements of member employers was that they sign a trust document which, inter alia, required them to be jointly and severally liable for any deficits in the trust during the years in which they were members. However, unbeknownst to the Debtor, during the years in which it was a member, the trust was allegedly mismanaged, not properly supervised, was the victim of fraud by the administrators and was massively underfunded which as a result, triggered an alleged liability under the joint and several deficit provisions of the trust. As such, NYSWCB assessed the Debtor with a liability in the amount of the filed claim.

Furthermore, although the filed claim asserted only a general unsecured priority, it was possible that NYSWCB could amend its filed claim to further include a priority claim under Section 507(a)(8) of the Bankruptcy Code, potentially in excess of \$600,000 for workers’ compensation benefits actually paid by NYSWCB on behalf of the Debtor during the three-year period proscribed under 11 U.S.C. Section 507(a)(8)(E) in addition to the remaining balance due as a general unsecured claim.

The Debtors disputed not only the filed claim but also any assertion that NYSWCB is

entitled to a priority claim at all. The basis of the Debtors' disputes was communicated in detail to counsel for the NYSWCB which include but are not limited to prohibitions against NYSWCB's attempts to recover monies in light of pending State Court litigation and equitable relief granted in that action as well as serious questions as to the legitimacy of claims on which NYSWCB actually remitted benefits.

In order to resolve the filed claim and the potential filing of an amended claim seeking priority treatment, after substantial negotiations between the counsel for the Debtors and NYSWCB including the exchange of documents, financials and information, the parties entered into a stipulation.

The stipulation provides that the NYSWCB filed claim be deemed superseded, amended, reduced, compromised and allowed as a priority claim under 11 U.S.C. Section 507(a)(8) in the allowed amount of \$111,000 (the "Allowed Claim"). The Court approved the stipulation on September 15, 2014.

As a result of all of the aforementioned claim settlements, the Debtor have reduced their unsecured creditor pool to approximately \$4,000,000.

The Debtor's Recent Operations and Cost Cutting Measures

The Debtors have worked diligently to decrease its operating expenses in an effort to return to profitability so it would be able to emerge firm Chapter 11 without the need for further reorganization.

The Debtors have made substantial overhead cuts combined with an increase in new project revenues.

Annexed hereto as Exhibit "D" are the Debtors' projected revenues over the first 24 months following confirmation. The projections show profitability in sufficient amounts as to

permit the Debtor to be viable and self-sustaining over the future months and years to come.

Collective Bargaining Matters Affecting the Debtors

The Debtors have successfully renegotiated their collective bargaining arrangements with the various pension and welfare funds associated with the Debtor's employees. The Debtors have reduced their ongoing pension obligations to its unions and have liquidated all pre-petition priority and non-priority claims in such amounts that will permit the Debtor to fund and confirm the Plan.

II. THE PLAN OF REORGANIZATION

THE FOLLOWING IS A SUMMARY OF THE PLAN; THE TERMS OF THE PLAN GOVERN, AS THE PLAN REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT. CREDITORS ARE URGED TO CONSULT WITH THEIR COUNSEL IN ORDER TO FULLY UNDERSTAND THE PLAN AND TO MAKE AN INFORMED JUDGMENT CONCERNING IT.

The Plan will be funded with (a) the Debtor's Cash on hand on the Confirmation Date, including \$200,000 of Cash for the initial dividend to Class 2 creditors and (b) \$800,000 in cash over 4 years from the Effective Date for Class 2 creditors from future operations, which payments will be accelerated in the event of a sale of the Porter Road Property. These funds are expected to be sufficient to pay all Allowed Administrative and Priority Claims in full, as well as to fund an approximate 25% pro rata distribution to the holders of Allowed Class 2 Unsecured Claims, and the Debtor shall effectuate all payments due under the Plan. THE DEBTOR STRONGLY RECOMMENDS THAT CREDITORS ACCEPT THE PLAN.

A. Treatment of Unclassified Claims Under the Plan

1. Allowed Administrative Claims other than Claims of Professionals: The Debtor has remained current in its post-Petition Date expenses and, therefore, does not anticipate any Allowed Administrative Claims on the Confirmation Date with the exception of Administrative Claims of its retained Professionals. However, to the extent that any such Claims should exist, they shall be paid in the ordinary course and according to the terms and conditions of the respective contracts underlying such Claims.

2. Allowed Administrative Claims of Professionals: Allowed Administrative Claims of Professionals shall be paid, in full, in Cash, upon the later of (i) allowance by the Court pursuant to Section 330 of the Bankruptcy Code or (ii) the Effective Date. The Administrative Claims of Professionals consist of those of (a) DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, substitute attorneys for the Debtors, in the approximate outstanding amount of \$35,000, (b) Trivella Forte, Debtors' special labor counsel, in the approximate outstanding amount of \$22,000 and (c) Angelo Cioffi, CPA accountants for the Debtors, in the approximate amount of \$110,000.

4. Statutory Fees: Under the Plan, all Statutory Fees arising under 28 U.S.C. § 1930 and 31 U.S.C. § 3717 shall be paid in full, in cash, in such amount as they are incurred in the ordinary course of business by the Debtors. The Debtors shall be responsible for the payment of United States Trustee quarterly fees through the entry of a final decree closing the Chapter 11 Cases. The Debtors are current in the payment of all US Trustee fees to date.

B. Treatment of Classes Under the Plan

CLASS 1 – Priority Claims: Class 1 consists of the Allowed Priority Claims other than Allowed Tax Claims. Class 1 Claims total in the aggregate approximately \$275,000. Class 1 Claims, if any, will be paid in full in Cash on or shortly after the Effective Date. The Allowed Class 1 Claims are unimpaired and, as such, the holders of such Allowed Claims shall be deemed to accept the Plan.

CLASS 2 – General Unsecured Claims: Class 2 consists of the holders of Allowed Unsecured Claims, which total approximately \$4,000,000. Each holder of an Allowed Class 2 Claim shall each receive a distribution equal to approximately 25% of such Allowed Claim payable in Cash from the Plan Distribution Fund which shall be paid in a maximum of five (5) two payments. The Initial Plan Payment in the amount of \$200,000 shall be on or before thirty (30) days after the Effective Date. The Debtor shall thereafter make four (4) additional payments to Class 2 each in the amount of \$200,000 on the first, second, third and fourth anniversary of the Effective Date, respectively. The payments to Class 2 shall be fully accelerated in the event there is a sale of the Porter Road Property and shall in such case be due within 30 days after the closing on the sale of the Porter Road Property. These payments shall be made in full and final satisfaction of Allowed Class 2 Claims. Allowed Class 2 Claims are impaired under the Plan and, therefore, holders of such Claims are entitled to vote to accept or reject the Plan.

CLASS 3 – Equity Interests: Class 3 consists of the Allowed Interests. The holders of the Class 3 Interests shall receive no distribution on account of his Interest but shall, in consideration for contributing certain sale proceeds from the sale of the Porter Road Property, retain its Interest in the reorganized Debtor. The Allowed Class 3 Interests are not impaired under the Plan and is deemed to have accepted the Plan.

C. Provisions Regarding Corporate Governance and Management of the Debtor Post-Confirmation

1. Post-confirmation Management of Debtor. Following the Effective Date, Jim Tesi shall continue to serve as President of the Debtor at a continuing compensation of \$180,000 per annum.

2. Corporate Action. Upon the entry of the Confirmation Order, all matters provided under the Plan involving the corporate structure of the Debtor shall be deemed authorized and approved without any requirement of further action by the Debtor, the Debtor's shareholders and/or members, or the Debtor's boards of directors, managers, and/or managing members.

D. Resolution Of Disputed Claims & Reserves

(a) Objections. An objection to the allowance of a Claim or Administrative Claim shall be in writing and may be filed with the Bankruptcy Court by the Debtor or any other party in interest on or before the Effective Date, subject to an extension of such deadline by the Bankruptcy Court, for cause.

(b) Amendment of Claims. A Claim may be amended after the Confirmation Date only as agreed upon by the Debtor and the holder of such Claim and as approved by the Bankruptcy Court or as otherwise permitted by the Code and Bankruptcy Rules.

(c) Reserve for Disputed Claims. The Debtor shall reserve, on account of each holder of a Disputed Claim, that property which would otherwise be distributable to such holder on such date and thereafter were such Disputed Claim an Allowed Claim on the Effective Date, or such other property as the holder of such Disputed Claim and the Debtor may agree upon.

The cash so reserved for the holder, to the extent such Disputed Claim is Allowed, and only after such Disputed Claim becomes a subsequently Allowed Claim, shall thereafter be distributed as provided in Section 4.1 of the Plan to such holder, in the amount allocable under Sections 3.1-3 of the Plan to such Allowed Claim.

(d) Claims Estimation. The Debtor may, at any time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code, regardless of whether the Debtor has previously objected to such Claim, and the Bankruptcy Court retains jurisdiction to estimate any Claim at any time, including, without limitation, during litigation concerning any objection to such Claim. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount constitutes either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim.

(e) Distributions to Holders of Subsequently Allowed Claims. Unless another date is agreed on by the Debtor and the holder of a particular subsequently Allowed Claim, the Debtor shall, within ten (10) days after an Order resolving the Disputed Claim becomes a Final Order, distribute to such holder with respect to such subsequently Allowed Claim that amount, in Cash, from the cash held in reserve for such holder and, to the extent such reserve is insufficient, from any other source of cash otherwise available to the Debtor, equal to that amount of cash which would have been distributed to such holder from the Effective Date through such distribution date had such holder's subsequently Allowed Claim been an Allowed Claim on the Effective Date. The holder of a subsequently Allowed Claim shall not be entitled to any interest on the Allowed Amount of its Claim.

(f) Disputes Regarding Rights to Payments or Distribution. In the event of any dispute between and among claimants (including the entity or entities asserting the right to receive the disputed payment or distribution) as to the right of any entity to receive or retain any payment or distribution to be made to such entity under the Plan, the Debtor may, in lieu of making such payment or distribution to such entity, remit the disputed portion of the Claim into an escrow account or to a distribution as ordered by a court of competent jurisdiction as the interested parties to such dispute may otherwise agree among themselves. Notwithstanding anything to the contrary, the Debtor shall make distributions on account of the undisputed portion of a Claim to such claimants.

(g) Claims Procedures Not Exclusive. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. On and after the Effective Date, claims which have been estimated may subsequently be compromised, settled, withdrawn, or otherwise resolved without further order of the Bankruptcy Court.

E. Amendment, Modification, Withdrawal or Revocation of the Plan.

The Debtor reserves the right, in accordance with the Section 1127 of the Code, to amend or modify the Plan and to seek the authorization of the Bankruptcy Court as may be required.

The Debtor may withdraw or revoke the Plan prior to the Confirmation Date. If such a withdrawal or revocation occurs, or if Confirmation does not occur, the Plan will be null and void. In such event, nothing contained in the Plan will constitute a waiver or release of any Claim by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any other person in any further proceedings involving the Debtor.

F. Unclaimed Property

Except as otherwise provided herein, in the event any claimant fails to claim any distribution within 120 days from the date of such distribution, such claimant shall forfeit all rights thereto, and to any and all future payments, and thereafter the Claim for which such cash was distributed shall be treated as a disallowed Claim. Distributions to Claimants entitled thereto shall be sent to their last known address set forth on a proof of claim filed with the Bankruptcy Court or, if no proof of claim is filed, on the Schedules filed by the Debtor or to such other address as may be later designated by a creditor in writing. The Debtor shall use its best efforts to obtain current addresses for all claimants. The Debtor shall notify the Debtor of all returned distributions. All unclaimed cash shall be returned to the reorganized Debtor.

G. Disbursing Agent. DelBello Donnellan Weingarten Wise & Wiederkehr, LLP will be the distribution agent responsible for making all distributions and maintaining the disputed Claims Reserve under the Plan. Unless the Bankruptcy Court orders otherwise, the Disbursing Agent will not be bonded against the faithful performance of its duties under the Plan.

H. Discharge and Plan Injunction. *Upon the Effective Date, the Debtor shall receive a discharge to the extent provided for under Section 1141 of the Bankruptcy Code. Except as otherwise expressly provided in the Plan, any and all entities who have held, hold or may hold Claims or Interests, including Administrative Claims, against or in the Debtor shall, as of the Effective Date, be enjoined from:*

(a) commencing, conducting, or continuing, in any manner, any suit, action, or other proceeding of any kind (including, without limitation, in any judicial, arbitral, administrative or other forum) against the Debtor or reorganized Debtor with regard to such entities' Claim against the Debtor;

(b) enforcing, levying, attaching (including, without limitation, any pre-judgment

attachment), collection or otherwise recovering by any manner or means, whether directly or indirectly, or any judgment, award, decree, or order against the Debtor or reorganized Debtor with regard to such entities' Claim against the Debtor;

(c) creating, perfecting or otherwise enforcing, in any manner, directly or indirectly, any encumbrance of any kind against the Debtor or reorganized Debtor, the property of the Debtor or reorganized Debtor, or any successor-in-interest to the Debtor or reorganized Debtor with regard to such entities' Claim against the Debtor;

(d) asserting any set off, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due the Debtor, the property of the Debtor, or any successor-in-interest to the Debtor with regard to such entities' Claim against the Debtor; and

(e) acting in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan.

I. Exculpation. *Neither the Debtor nor any of its shareholders, officers, directors, employees, attorneys, advisors, agents, representatives and assigns (the "Released Parties") shall have or incur any liability to any entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, Confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with this chapter 11 case or the Plan except with respect to its obligations under the Plan and any related agreement, with the exception of any such act or omission taken in bad faith, willful misconduct, gross negligence, breach of fiduciary duty, malpractice, fraud, criminal conduct, unauthorized use of confidential information that causes damages, and/or ultra vires acts. Notwithstanding any other provision hereof, nothing*

in Section 8.3 of the Plan shall (a) effect a release of any claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Debtor or any of the Released Parties, nor shall anything in Section 8.3 of the Plan enjoin the United States or any state or local authority from bringing any claim, suit, action or other proceedings against any Released Party for any liability whatever, including, without limitation, any claim, suit or action arising under the Internal Revenue Code, ERISA, the environmental laws or any criminal laws of the United States or any state and local authority, including the New York Tax Law, nor shall anything in Article VIII of the Plan exculpate any party from any liability to the United States Government or any of its agencies, including PBGC, or any state and local authority, including New York State Department of Taxation and Finance whatsoever, including liabilities arising under the Internal Revenue Code, ERISA, the environmental laws or any criminal laws of the United States or any state and local authority, including the New York Tax Law, against the Parties referred to herein, or (b) limit the liability of the Debtor's Professionals pursuant to Rule 1.8(h)(1) of the New York Rules of Professional Conduct.

The exculpation provisions above shall be strictly limited to the protections afforded by Section 1125(e) of the Bankruptcy Code.

J. Full and Final Satisfaction

Pursuant to the Plan, all payments and all distributions thereunder shall be in full and final satisfaction, settlement, release and discharge of all Claims and Interests, except as otherwise provided in the Plan.

K. Retention of Jurisdiction

The Bankruptcy Court shall retain jurisdiction of the Chapter 11 Cases:

(a) To determine all controversies relating to or concerning the allowance and/ or distribution on account of such Claims or Interests, upon objection thereto, such Claims by any party in interest, including the estimation of Claims under Section 502(c) of the Code;

(b) To determine requests for payment of Claims entitled to priority under Section 507(a)(2) of the Code, including any and all applications for compensation for professional fees and expenses;

(c) To determine any and all applications, adversary proceedings, and contested or litigated matters over which the Bankruptcy Court has subject matter jurisdiction pursuant to 28 U.S.C Sections 157 and 1334;

(d) To determine all disputed, contingent or unliquidated Claims;

(e) To determine requests to modify the Plan pursuant to Section 1127 of the Code or to remedy any defect or omission or reconcile any inconsistencies in this Plan or Confirmation Order to the extent authorized by the Code;

(f) To make such orders as are necessary or appropriate to carry out the provisions of, and enforce, the Plan;

(g) To resolve controversies and disputes regarding the interpretation or enforcement of the terms of the Plan; and

(h) To enter a final decree closing the Chapter 11 Cases.

L. Contracts and Unexpired Leases

Any unexpired lease or executory contract that has not been previously assumed, rejected and/or modified by order of the Bankruptcy Court or has not naturally expired during the course

of the Chapter 11 case shall, as of the Effective Date, be deemed to have been assumed by the Debtors. This shall include all modified contracts entered into concerning equipment leases and financing between the debtor and equipment lessors. Because the Debtors believe that it is current under such contracts, the Debtors do not anticipate any cure payments due as a result of the assumption of the agreements. **Parties to executory contracts or unexpired leases must assert a cure payment owing (other than payments owing in the ordinary course), before the Confirmation hearing date, subject to the Debtor's right to object to the assertion of such payment, or they will not receive a cure payment in connection with such assumption.**

M. Post-Confirmation Fees, Final Decree

The reasonable compensation and out-of-pocket expenses incurred post-Confirmation Date by the professionals retained in the Chapter 11 Cases shall be paid by the Debtors within ten (10) days upon presentation of invoices for such post-Confirmation Date professional services. All disputes concerning post-Confirmation Date fees and expenses shall be subject to Bankruptcy Court jurisdiction.

A final decree shall be entered as soon as practicable after distributions have commenced under the Plan.

N. Continuation of Bankruptcy Stays

All stays provided for in the Chapter 11 Cases under Section 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

O. Avoidance Actions

Since the time to commence any Avoidance Actions expired on March 20, 2014, the Debtors will not pursue any Avoidance Actions.

III. FINANCIAL INFORMATION

A. The Debtors' Schedules of Assets and Liabilities. Schedules of the Debtors' assets and liabilities and monthly operating reports have been filed with the Clerk of the Court and may be inspected by all interested parties.

B. The estimated amounts required to be paid on the Effective Date are:

Professional Fees & Expenses	\$167,000
Priority Tax Claims:	\$275,000
Initial Distribution To Allowed Class 2 Claims (approx. 5%)	\$200,000

Estimated Total Required on Effective Date..... \$642,000

The payments required on Confirmation shall be funded with the Debtors' Cash on hand.

C. Chapter 7 Liquidation Analysis. If this case were converted to a case under Chapter 7 of the Bankruptcy Code and the Debtor's assets were liquidated by a Chapter 7 trustee, the holders of Class 2 Unsecured Claims would receive no distribution. Thus, the Debtors believe that the Plan satisfies the "best interests of creditors" test under Section 1129(a)(7) of the Code. As clearly set forth in the liquidation analysis prepared by the Debtors and annexed hereto as Exhibit "C", in a Chapter 7 liquidation, the Administrative Claims would be substantially higher than in a Chapter 11 due a variety of factors. First, a Chapter 7 trustee would be entitled to earn commissions and would hire his/her own professionals (e.g. legal counsel and financial advisor), which would result in additional expenses payable from the estate. Second, all operations would cease, and the Debtors would default on its performance contracts. The Debtors estimate that there would be additional Chapter 11 Administrative Claims due to such defaulted contracts. Finally, the Debtors have current outstanding post-Petition payables which would result in approximately \$_____ of additional Administrative Claims in the event of a conversion and termination of the business. In addition, the \$167,000 in Professional Fees and the approximate \$275,000 in Priority Claims would all be payable ahead of Unsecured Claims. These substantial additional Claims mean that there would be no distribution to unsecured creditors in the event of a liquidation. Therefore, the Debtors have satisfied Section 1129(a)(7) of the Bankruptcy Code, which requires that creditors receive a

recovery under the Plan as they would receive in a hypothetical Chapter 7 case. Under the Plan, Unsecured Creditors are receiving cash equal to approximately 42% of the full amount of their Allowed Claims.

THE DEBTOR THEREFORE STRONGLY RECOMMENDS ACCEPTANCE OF THE PLAN. CREDITORS ARE URGED TO CONSULT WITH THEIR ATTORNEYS AND AMONGST THEMSELVES IN DETERMINING WHETHER TO ACCEPT OR REJECT THE PLAN.

IV. CONFIRMATION PROCEDURE

A. Time to Vote. Pursuant to a Court order, ballots on the Debtor's Plan must be filed on or before March __, 2017. All ballots should be properly completed as to whether the creditor accepts or rejects the Plan and be forwarded, in accordance with the instructions on the ballot, to DelBello Donnellan Weingarten Wise & Wiederkehr, LLP One N. Lexington Avenue, White Plains, New York 10601, Attn: Jonathan S. Pasternak, Esq.

B. Solicitation of Votes. Any holder of a Claim in Class 2 is entitled to vote if either (i) such holder's Claim has been scheduled by the Debtor in the Schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as disputed, contingent or unliquidated), or (ii) such holder has filed a proof of Claim on or before July 25, 2012, the Bar Date (or, if not filed by such date, any proof of Claim filed with leave of the Bankruptcy Court), unless an objection to such Claim has been duly filed, or if the Bankruptcy Court has provisionally allowed the Claim for voting purposes. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that an acceptance or rejection was not solicited or procured or made in good faith or in accordance with the provisions of the Bankruptcy Code.

C. Acceptance. Class 2 will be deemed to have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and more than one-half in number of the holders of

Claims actually voting of such Class. Any ballot which is executed by the holder of an Allowed Claim or Interest but which does not indicate an acceptance or rejection of the Plan, shall be deemed neither an acceptance nor a rejection of the Plan.

D. Confirmation Hearing. The Code requires the Bankruptcy Court to hold a hearing on the Debtor's request for Confirmation of the Plan after the ballots have been cast. The Confirmation Hearing has been scheduled for March __, 2018 at 10:00 a.m. in the United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, Courtroom 118, White Plains, New York 10601, set forth on the Order which accompanies this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjournment made at the Confirmation Hearing. At the Confirmation Hearing, the Bankruptcy Court will (a) determine, of a final basis, whether this Disclosure Statement contains adequate information for the purpose of Section 1121 of the Code, and (b)(i) determine whether the Plan has been accepted by the requisite majorities of each voting class; (ii) hear and determine all objections to the confirmation of the Plan; (iii) determine whether the Plan meets the requirements of the Bankruptcy Code and has been proposed in good faith; and (iv) confirm or refuse to confirm the Plan.

E. Time to Objection to Disclosure Statement and the Plan. The last date to object to confirmation of the Plan is March __, 2018. Objections must be filed and served as set forth in the Order accompanying the Disclosure Statement.

F. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Debtor will request that the Bankruptcy Court determine that the Plan satisfies the requirements of Section 1129 of the Bankruptcy Code. If it does so, the Bankruptcy Court shall enter an order confirming the Plan. Some of the applicable requirements of Section 1129 of the Bankruptcy Code are as follows:

- (a) The Plan must comply with the applicable provisions of the Bankruptcy Code;
- (b) The Debtor must have complied with the applicable provisions of the Bankruptcy Code;
- (c) The Plan has been proposed in good faith and not by any means forbidden by law;
- (d) Any payment made or promised to be made by the Debtor under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;
- (e) The Debtors have disclosed the identity and affiliation of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtors under the Plan. Moreover, the appointment to, or continuance in, such office of such individual, is consistent with the interests of holders of Claims and Interests and with public policy.
- (f) Feasibility: The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court must find that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors (the “Feasibility Test”).

For a plan to meet the Feasibility Test, the Bankruptcy Court must find that the Debtors

will possess the resources to meet its obligations under the Plan. The Debtors intend to show that it will have sufficient funds on hand at Confirmation and projected thereafter to satisfy its cash obligations under the Plan and as such, the feasibility requirement would be satisfied. Moreover, the Debtors do not anticipate the need for further financial reorganization based upon the significant cost cutting measures that it has undertaken and its successful identification and focus on the most profitable aspects of its business. The Debtors' projections annexed hereto as Exhibit "D" illustrate the Debtors' anticipated income and expenses going forward, which estimates are conservatively based upon the Debtors' operations and growth trends over the last two years.

The Debtors believe that the Plan satisfies all of the statutory requirements of Chapter 11 of the Code, including the Feasibility Test, that it is "fair and equitable," "does not discriminate unfairly," and has been proposed in good faith.

(g) Absolute Priority Rule. A plan cannot be confirmed under Section 1129 of the Bankruptcy Code if it provides for the retention of interests by the equity holders on account of such interests while senior classes of claims do not receive full payment. Although there are "new value" exceptions to this rule, since the Class 2 Unsecured Creditors are the only class of creditors entitled to vote on the Plan, the Plan shall only be confirmed, and the Interests retained by Class 3, if it is accepted by Class 2.

G. Objections to Confirmation. Objections to confirmation must be in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Any such objection must be filed with the Bankruptcy Court and served upon the following, with a copy to the Bankruptcy Court's chambers, so that it is received by them on or before August 25, 2014, as set forth in the Order which accompanies

this Disclosure Statement:

DelBello Donnellan Weingarten Wise & Wiederkehr, LLP
Attorneys for the Debtor
One N. Lexington Avenue
White Plains, New York 10601
Attn: Jonathan S. Pasternak, Esq.

Objections to confirmation of the Plan are governed by Federal Rule of Bankruptcy Procedure 9014.

H. Continuation of Bankruptcy Stays

All stays provided for in the Chapter 11 Cases under Section 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Confirmation Date.

I. Revesting of Assets

Except as otherwise provided by the Plan, upon the Effective Date, title to all properties and assets of the Debtors shall vest in the reorganized Debtors free and clear of all Claims, liens, encumbrances and Interests of Creditors and the Confirmation Order shall be a judicial determination of discharge and extinguishment of all Claims, liens or Interests (except those created or retained pursuant to the Plan).

J. Conditions to Effective Date of the Plan

The Plan shall not become effective unless and until the Confirmation Order in form and substance reasonably acceptable to the Debtors and the United States Trustee shall have been entered by the Bankruptcy Court and shall have become a Final Order.

**V. ALTERNATIVES TO CONFIRMATION
AND CONSUMMATION OF THE PLAN.**

If the Plan is not confirmed and consummated the alternatives include: (i) preparation and presentation of an alternative plan of reorganization; (ii) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code; or (iii) dismissal of the Chapter 11 Cases, which would result in all creditor claims and rights of collection and enforcement being restored in full.

VI. POST-CONFIRMATION

The Debtors shall be responsible for filing post-Confirmation Date reports with the Bankruptcy Court and shall pay all quarterly fees required under 28 U.S.C. Section 1930(a)(6) and 31 U.S.C. §3717 until the earlier of (a) conversion or dismissal of the Chapter 11 Cases or (b) entry of a final decree closing the Chapter 11 Cases.

The Debtors shall also be responsible for the filing of pre-Confirmation and post-Confirmation reports, until a final decree is entered. A final decree shall be entered as soon as practicable after distributions have commenced under the Plan.

VII. TAX CONSEQUENCES

A. Tax Consequences of Confirmation. Confirmation may have federal income tax consequences for the Debtor and holders of Claims and Interests. The Debtor has not obtained and does not intend to request a ruling from the Internal Revenue Service (the "IRS"), nor has the Debtor obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. The Debtors, creditors and holders of Interests are urged to consult their own counsel and tax advisors as to the consequences to them, under federal and applicable state, local and foreign tax laws, of the Plan. The following is

intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each holder of a Claim or Interest is strongly urged to consult with his or her own tax advisor regarding the federal, state and local tax consequences of the Plan, including but not limited to the receipt of cash under this Plan.

B. Tax Consequences to the Debtors. The Debtors may not recognize income as a result of the discharge of debt pursuant to the Plan because Section 108 of the Internal Revenue Code provides that taxpayers in bankruptcy cases do not recognize income from discharge of indebtedness. However, a taxpayer is required to reduce its "tax attributes" by the amount of the debt discharged. Tax attributes are reduced in the following order: (i) net operating losses; (ii) general business credits; (iii) capital loss carryovers; (iv) basis in assets; (v) passive activity loss and credit carryovers; and (vi) foreign tax credit carryovers.

VIII. RECOMMENDATION

The Debtors believe that Confirmation of the Plan is preferable to any of the alternatives described above. The Plan will provide greater recoveries than those available in liquidation to all holders of Claims. Any other alternative would cause significant delay and uncertainty, as well as substantial administrative costs.

THUS, THE DEBTORS STRONGLY RECOMMEND HOLDERS OF ALL CLAIMS VOTE TO ACCEPT THE PLAN. THE FOREGOING IS A BRIEF SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED ON FOR VOTING PURPOSES. THE PLAN REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BETWEEN THE DEBTOR AND ITS CREDITORS, AND SHOULD BE READ TOGETHER WITH THIS DISCLOSURE STATEMENT IN ORDER THAT AN INTELLIGENT AND INFORMED JUDGMENT CONCERNING THE PLAN CAN BE MADE.

Dated: Jamaica, New York
January 3, 2018

THE NEW CITY WASTE SERVICES, INC. and
CITY WASTE SERVICES OF NEW YORK, INC

By: /s/ James Tesi
James Tesi, President

DELBELLO DONNELLAN WEINGARTEN
WISE & WIEDERKEHR, LLP
Attorneys for the Debtors
One North Lexington Avenue
White Plains, New York 10601
(914) 681-0200

By/s/ Jonathan S. Pasternak
Jonathan S. Pasternak, Esq